

Message Text

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ORIGIN TRSE-00

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DRAFTED BY TREASURY:R.B.SELF:LK

APPROVED BY EB/STA:E.KEMPE

ARA:BR:L.V.PEREZ

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O R 282101Z MAR 74

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA IMMEDIATE

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652:GDS

TAGS: ETRD, BR

SUBJECT: COUNTERVAILING DUTY PROCEEDINGS - FOOTWEAR

1. ON MARCH 27 ECONOMIC COUNSELOR THOMPSON FLORES OF BRAZILIAN EMBASSY CALLED ON MARKS AT TREASURY TO DELIVER LETTER FROM AMBASSADOR TO SECRETARY SHULTZ. ACCORDING TO FLORES, LETTER CONTAINED REQUEST FOR 90-DAY EXTENSION OF TIME BEYOND APRIL 8 DEADLINE FOR WRITTEN SUBMISSION OF VIEWS ON COUNTERVAILING DUTY PROCEEDING ON NON-RUBBER FOOTWEAR. THE LETTER APPARENTLY ALSO INDICATED THAT GOB WOULD BE PREPARED TO UNDERTAKE TECHNICAL DISCUSSIONS WITH USG IN EARLY MAY.

2. MARKS EXPRESSED GRATIFICATION THAT BRAZILIANS HAD REQUESTED MEETING TO DISCUSS PROCEDURAL ISSUES WITH TREASURY OFFICIALS RESPONSIBLE FOR ADMINISTERING COUNTERVAILING

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DUTY LAW- HE ASSUMED THAT BRAZILIANS WISHED TO SOUND OUT

HIS REACTION TO REQUEST BEFORE OFFICIALLY SUBMITTING LETTER TO SECRETARY SHULTZ. MARKS THEN EXPRESSED PERSONAL OPINION THAT GOB WOULD DO WELL TO RECONSIDER EXTENSION REQUEST AS IT COULD BE MISCONSTRUED AS BRAZILIAN EFFORT TO DELAY MEANINGFUL DIALOGUE ON ABOVE SUBSIDY ISSUE. THIS WOULD BE MOST UNFORTUNATE IN LIGHT OF PREVIOUS FAILURE OF BRAZILIANS TO REACT MEANINGFULLY FOLLOWING SHULTZ-DELFIM MEETING AND PROBABILITY THAT PROTECTIONIST AMENDMENTS TO COUNTERVAILING

DUTY LAW WOULD BE PROPOSED IN CONNECTION WITH TRADE BILL CURRENTLY PENDING BEFORE SENATE FINANCE COMMITTEE.

3. MARKS STRESSED IT WOULD BE TO BRAZILIAN ADVANTAGE TO CREATE POSITIVE ATMOSPHERE OF READINESS TO INITIATE UNITED STATES-BRAZILIAN TECHNICAL DIALOGUE AT EARLIEST POSSIBLE DATE. HE URGED IMPORTANCE OF COMMENCING TECHNICAL DISCUSSIONS AS SOON AS POSSIBLE, E.G. AROUND MID-APRIL. TREASURY WOULD READILY UNDERSTAND, UNDER SUCH CIRCUMSTANCES, BRAZILIAN PROPOSAL TO DELAY SUBMISSION OF WRITTEN VIEWS UNTIL COMPLETION OF TECHNICAL TALKS ON GROUND THAT GOB COULD NOT MAKE MEANINGFUL SUBMISSION UNTIL TALKS HAD TAKEN PLACE. MARKS ALLUDED TO POSSIBILITY ALSO THAT IT MIGHT REQUIRE MORE THAN ONE UNITED STATES-GOB TECHNICAL MEETING TO DEVELOP ALL NECESSARY INFORMATION.

4. THOMPSON FLORES EXPRESSED APPRECIATION FOR MARKS' VIEWS AND STATED HE FULLY UNDERSTOOD IMPORT OF WHAT MARKS WAS SAYING. IN LIGHT OF MARKS' COMMENTS, THOMPSON FLORES STATED HE WOULD RECOMMEND REVISION OF AMBASSADOR'S LETTER TO SECRETARY SHULTZ IN EFFORT TO MEET POINTS RAISED. BRAZILIANS THOUGHT THAT THEY WOULD NOT BE IN POSITION TO HOLD DISCUSSIONS BEFORE MAY BECAUSE OF TIME IT WOULD TAKE FOR NEW GOVERNMENT TO FULLY EXPLORE SITUATION WITH FOOTWEAR INDUSTRY. MARKS STRESSED AGAIN THE PSYCHOLOGICAL IMPORTANCE OF PROPOSING EARLIER MEETING DATE, ADDING THAT A SUBSEQUENT MEETING COULD ALWAYS BE HELD IF BRAZILIAN OR U.S. REPRESENTATIVES HAD MORE POINTS TO RAISE. THOMPSON FLORES DEPARTED WITHOUT DELIVERING AMBASSADOR'S LETTER.

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5. BY SUGGESTING THAT GOB WOULD HAVE ADDITIONAL TIME FOR SUBMISSION OF WRITTEN VIEWS IF THEY FOLLOWED SCENARIO URGED BY MARKS, TREASURY DOES NOT WISH TO IMPLY THAT DELAY OF 90 DAYS COULD BE ACHIEVED INDIRECTLY. TREASURY WOULD EXPECT GOB TO BE IN POSITION TO SUBMIT WRITTEN VIEWS WITHIN REASONABLE TIME, E.G. TWO WEEKS AFTER CONCLUSION OF TECHNICAL MEETING. EMBASSY SHOULD MAKE THIS POINT CLEAR TO GOB OFFICIALS, AS IT WAS NOT BROUGHT OUT IN MARKS-

THOMPSON FLORES DISCUSSION.

6. PLEASE PASS TO SECRETARY SHULTZ UPON ARRIVAL IN
BRASILIA BEFORE HIS MEETINGS WITH GOB OFFICIALS. RUSH

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